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DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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California Department of Corporations and Ventura County District Attorney's Office's Joint Investigation Leads to 78 Charges of Securities Fraud

Ventura Resident Pleads Not Guilty to Securities Violations

SACRAMENTO --- Ventura resident Dennis Willingham pleaded not guilty on August 6 in Ventura County Superior Court to 78 felony charges of securities fraud. Attorneys from the California Department of Corporations and the Ventura County District Attorney's Office are prosecuting the case, which resulted from a cooperative investigation between the state regulator and local law enforcement. A tentative trial date has been set for September 15.

Willingham and his wife, Brenda, were ordered by the Department of Corporations on July 28, 2003, to stop selling unregistered promissory notes, joint venture agreements and investment contracts. The couple was arrested December 4, 2003, and charged with defrauding 39 California investors.

The Willinghams told investors their money would finance Willingham Farms, a family strawberry-growing business in Santa Maria, and Sunshine Fresh Produce, a strawberry-brokering company in Oxnard. The pair offered and sold more than \$20 million worth of securities between 1998 and 2003.

"Prospective investors were told they would be among a select group of people with a stake in the couple's strawberry businesses when in fact, the Willinghams sold securities to at least 300 investors throughout the country," said Corporations Commissioner William P. Wood. "Some investors took out second mortgages or borrowed against their retirement accounts, only to end up losing their money to the scam."

Dennis and Brenda Willingham failed to disclose to potential investors that Brenda had twice filed for bankruptcy when similar business ventures failed. In addition, the two told prospective investors that the securities were very low-risk investments. An examination of bank records uncovered evidence of a Ponzi scheme, as well, whereby funds from new investors are used to pay previous investors.

Brenda Willingham pleaded guilty to 24 charges of securities fraud and was ordered to pay restitution to defrauded investors and sentenced to 15 years in prison on July 26, 2004.

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